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PROGRAMME, THE ENVIRONMENT FUND AND ADMINISTRATIVE AND OTHER BUDGETARY MATTERS

International action to protect health and the environment through measures which will reduce and/or eliminate emissions and discharges of persistent organic pollutants, including the development of an international legally binding instrument

Report of the Executive Director

Summary

This report presents a summary of the progress made in the implementation of Governing Council decision 19/13 C since the nineteenth session of the Governing Council.

Suggested action by the Governing Council

The Governing Council may wish to:

1. Welcome the progress in the preparation of an international legally binding instrument for implementing international action on certain organic pollutants as well as the implementation of the immediate actions called for in paragraph 13 of its decision 19/13 C of 7 February 1997;

2. Invite the Intergovernmental Negotiating Committee for an International Legally Binding Instrument for Implementing International Action on Certain Persistent Organic Pollutants to continue its work with a view to the conclusion of a legally binding instrument by the year 2000;

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3. Request the Executive Director to continue taking the actions as requested by the Governing Council in its decision 19/13 C, including the immediate actions identified in paragraph 13 of that decision;

4. Call upon Governments as well as intergovernmental and non-governmental organizations to provide financial contributions for further negotiations of an international legally binding instrument for implementing international action on certain persistent organic pollutants, particularly through the "POPs Club";

5. Encourage Governments and intergovernmental and non-governmental organizations to provide financial and in-kind contributions for supporting the implementation of the immediate actions as called for in paragraph 13 of its decision 19/13 C;

6. Request the Executive Director to report to the Governing Council at its twenty-first session on the implementation of the present decision.

I. INTRODUCTION

1. The Governing Council of the United Nations Environment Programme (UNEP), in its decision 19/13 C, recalling its decision 18/32 of 25 May 1995 on persistent organic pollutants (POPs), and endorsing the conclusions and recommendations contained in the final report of the Ad Hoc working Group on Persistent Organic Pollutants of the Intergovernmental Forum on Chemical Safety, concluded that international action, including a global legally binding instrument, is required to reduce the risks to human health and the environment arising from the release of twelve POPs specified in its decision 18.32. 1/

2. In the same decision, the Council, further decided that immediate international action should be initiated to protect human health and the environment through measures which will reduce and/or eliminate the emissions and discharges of the twelve specified POPs and, where appropriate, eliminate the production and subsequently the remaining use of those POPs that are intentionally produced. It also noted the need to develop science-based criteria and a procedure for identifying additional POPs as candidates for future international action.

II. NEGOTIATIONS

3. In paragraph 8 of its decision 19/13 C, the Governing Council, requested the Executive Director to prepare and convene, together with the World Health Organization and other relevant international organizations, an intergovernmental negotiating Committee, with a mandate to prepare an international legally binding instrument for implementing international action on POPs, initially beginning with twelve specified POPs and to take into account the conclusions and recommendations of the Ad Hoc Working Group on Persistent Organic Pollutants of the Intergovernmental Forum on Chemical Safety.

4. The first session of the Intergovernmental Negotiating Committee was convened in Montreal, Canada from 29 June to 3 July 1998, and attended by representatives from 94 Governments, 18 intergovernmental organizations and 50 non-governmental organizations. It made significant progress and established two subsidiary bodies: one to consider technical and financial assistance and modalities to assist countries implement the provisions of an international legally binding instrument; and second, a Criteria Expert Group to develop criteria and a procedure for identifying further POPs as candidates for future international action. The first body dealing with implementation aspects, begins its work at the second session of the Intergovernmental Negotiating Committee, while the Criteria Expert Group meets inter-sessionally.

5. The Criteria Expert Group, which was also called for in paragraph 9 of decision 19/13 C, had a very successful first session in Bangkok, from 26 to 30 October 1998, and made substantial progress in its work.

1/ Aldrin, chlordane, DDT, dieldrin, endrin, heptachlor, hexachlorobenzene, mirex, toxaphene, polychlorinated biphenyls (PCBs) dioxins and furans.

6. The Intergovernmental Negotiating Committee is holding its second session from 25 to 29 January 1999, at UNEP headquarters in Nairobi. Further sessions of the Committee are tentatively planned for September 1999, April 2000 and November 2000, with the Diplomatic Conference in May 2001. The Criteria Expert Group is tentatively scheduled to meet in April and November 1999.

III. IMMEDIATE ACTIONS AND POPS FOCAL POINTS

7. As requested in paragraph 13 of Governing Council decision 19/13 C, UNEP has undertaken the immediate actions outlined in paragraphs 8 - 18 below.

8. To promote development and sharing of information on the twelve specified POPs, UNEP has established a network of government-designated focal points for exchanging technical information and obtaining expertise for the development of various products. By the end of 1998, 88 Governments had designated 168 such focal points.

9. In 1997 and 1998, UNEP, together with the Intergovernmental Forum on Chemical Safety, convened eight regional POPs awareness-raising workshops for developing countries and countries with economies in transition. The proceedings of these workshops have been made available in English and the other official languages of the United Nations relevant for the specific regions involved.

10. Cooperative arrangements between the Food and Agriculture Organization of the United Nations, the United Nations Industrial Development Organization and the Secretariat of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal have been established for identifying and managing obsolete stocks of pesticides and other hazardous chemicals in different region.

11. A compendium of regulatory actions and guidelines concerning POPs has been issued.

12. The POPs Information Clearing-house has been substantially improved and now provides a wealth of useful information products from UNEP and other sources of greatest interest to all players involved in POPs issue.

13. To establish practical measures to evaluate and monitor the success of implemented strategies, a project is under way to characterize world-wide exposures to POPs. The results of the first phase, which focussed on the collection of data on release and exposure levels, are available in hard copy and in an electronic clickable map format. The second phase will focus on filling data gaps through monitoring and modelling.

14. To improve the availability of information and expertise on alternatives to POPs, UNEP has created and now maintains a reference database in the general form of an expert system to help in identifying chemical and non-chemical alternatives to POPs. In addition, UNEP has a collection of action plans and studies for replacing/reducing release of POPs available.

15. UNEP, jointly with FAO and WHO, has produced a draft guide on the selection of replacements for POPs pesticides, which when issued in early 1999, will help authorities and other stakeholders develop effective strategies for replacing POPs.

16. To assist countries identifying the location of polychlorinated biphenyls (PCBs) and in developing PCB inventories, UNEP has collected information from POPs focal points to create compendium of available national guidance on the identification of PCBs in use, PCB stockpiles and PCB-containing waste. The compendium will be available in early 1999. An inventory of available world-wide destruction capacity for PCBs has been developed. UNEP has developed simple guidelines on how to identify PCB-containing materials for release in early 1999.

17. UNEP has also developed a collection of available information on sources of dioxins and furans to assist countries identifying national sources of these by-products. To undertake cooperative programmes on aspects of dioxin/furan management, particularly on a regional basis, UNEP has initiated work with a case-study in the Russian Federation.

18. Depending on availability of resources, UNEP intends to work with other international organizations to: develop and implement training and capacity building programmes to assist countries identify and manage PCBs; identify and reduce releases of dioxins and furans; and eliminate the unsustainable use of POPs pesticides and move toward safer and more integrated approaches in the management of pests and disease vectors within the agricultural, public-health and other sectors.

IV. FINANCIAL MATTERS

19. By paragraph 17 of decision 19/13 C the Governing Council called upon "Governments and other actors that are in a position to do so to provide the United Nations Environment Programme with the necessary financial and technical resources to enable the full and effective functioning of the intergovernmental negotiating committee, in particular the full and effective participation of developing countries, especially least developed countries, and of countries with economies in transition which may be interested".

20. Since the nineteenth session of the Governing Council, UNEP has received direct financial contributions and pledges for both negotiations and immediate actions totalling approximately $3,100,000, from Australia, Canada, the European Commission, Finland, Iceland, the Netherlands, Norway, Switzerland, the United Kingdom and the United States of America. In addition, personnel have been or will shortly be seconded from Japan, the Netherlands, Sweden, and the United States of America to assist in implementing Governing Council decision 19/13 C. Further in-kind support has been received from a number of Governments, intergovernmental organizations and non-governmental organizations for awareness-raising workshop and other immediate actions.

21. A shortfall of approximately $3 million exists for the negotiations to be held between 1999 and 2001, which are currently estimated to cost between $3 million and $3.5 million.

22. Recently, UNEP created a "POPs Club", following suggestions made during informal discussions at the first session of the Intergovernmental Negotiating Committee, to establish a mechanisms for pooling contributions for financing future negotiating sessions. Membership in the "POPs Club" is open to Governments, intergovernmental organizations and non-governmental organizations that contributed to the trust fund for the global negotiations on POPs. Donors will receive recognition for their contributions through yearly certificates. Those providing substantial amounts will receive silver and gold pins in special recognition of their contribution.

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PREPARATIONS FOR THE SEVENTH SESSION OF THE COMMISSION ON SUSTAINABLE DEVELOPMENT

Contribution of the United Nations Environment Programme to the seventh session of the Commission on Sustainable Development: role of the United Nations Environment Programme in the promotion of sustainable production and consumption

Summary

This report presents a summary of the activities undertaken or planned by the secretariat of the United Nations Environment Programme (UNEP) for the promotion of sustainable production and consumption and highlights its role in this field.

Suggested action by the Governing Council

The Governing Council may wish to:

1. Note with appreciation the activities so far undertaken by the secretariat at the request of Governing Council to promote the use of cleaner and safer production approaches;

2. Urge Governments, industries and institutions to continue to make efforts to promote and implement preventative strategies such as cleaner production, green productivity, and pollution prevention as preferred options to address environmental problems, and encourage those that have not already done so to sign the International Declaration on Cleaner Production presented at the Fifth International High-level Seminar on Cleaner Production in the Republic of Korea on 29 September 1998, and to take steps to implement the Declaration fully;

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3. Note with appreciation the current work aimed at integrating environmental criteria into economic and financial decision-making, especially with regard to the adoption of cleaner technologies, and at further elaborating mechanisms and procedures for financing cleaner production investments;

4. Encourage the Executive Director to further develop UNEP activities in promoting more sustainable consumption patterns in industry and in the wider community in order to assist developing countries in their programmes of human and social development, including poverty alleviation, and to address resource consumption in major industries;

5. Request the Executive Director to further elaborate draft guidelines for the assessment and evaluation of environmentally sound technologies, including guidelines for exporters of potentially hazardous or outdated technologies, and submit them for consideration of the Governing Council at its twenty-first session;

6. Request the Executive Director to transmit the present report and the outcome of the discussion thereon by the Council to the Commission on Sustainable Development at its seventh session.

I. OVERVIEW

1. Current patterns of production and consumption are leading to increased generation of wastes and pollutants, and unsustainable demand on natural resources. Reducing the environmental consequences of this industrial development and of the increase in consumption of goods and services requires a better understanding of the driving forces behind the trends and understanding of the various response options, and formulation of clear policies and strategies for taking action.

2. Accordingly, greater attention needs to be paid to improving resource efficiency of industry, adoption of cleaner and safer methods of production, including in service sectors, and encouraging improvements in the conception and use of products during their entire life-cycle.

3. UNEP commenced to address the issues related to cleaner production – subsequently enlarged to cover the broader theme of sustainable production and consumption – in 1989, at the request of the Governing Council, which in its decision 15/37 of 25 May that year requested UNEP to continue its catalytic role to promote, with Governments, industry, research organizations and other relevant institutions, the establishment of a network that would allow the transfer of environmental protection technologies.

4. Key steps in the development of this programme were:

(a) The launching of the first international high-level cleaner-production seminar in September 1990 in Canterbury, hosted by the Government of the United Kingdom. This seminar:

(i) Adopted the following definition of "cleaner production": "the continuous application of an integrated preventive environmental strategy to processes and products to reduce risks to humans and the environment".

(ii) Agreed that progress in world-wide implementation should be monitored through, among other things, further high-level meetings at periodic intervals;

(iii) Urged UNEP to continue the development of the international Cleaner Production Information Clearing-house and industry sector working groups of international specialists to make information on cleaner production more accessible;

(b) Input by UNEP to the United Nations Conference on Environment and Development held in 1992 which resulted in the cleaner-production concept becoming a part of Agenda 21, chapter 4 (Changing consumption patterns) and chapter 30 (Sustainable production and consumption). Many other chapters also support the cleaner-production concept through specific recommendations;

(c) A high-level seminar in Paris hosted by the French Government in 1992, just after the United Nations Conference on Environment and Development, which stressed the need for more industry participation in the

growing network. The concept of national cleaner-production centres was suggested as a vehicle to catalyse national programmes on training, demonstration, policy advice and information dissemination;

(d) In its decision 17/17 of 21 May 1993, the Governing Council noted progress by the programme, and requested the Executive Director to address the issue of technology transfer by examining the feasibility of elaborating guidelines on what information on potential environmental impacts the exporters of technology should provide to importers;

(e) As part of its catalytic role in national capacity-building within the United Nations system, UNEP joined with the United Nations Industrial Development Organization (UNIDO) in 1994 to launch the first group of national cleaner-production centres in Brazil, China, the Czech Republic, India, Mexico, Slovakia, the United Republic of Tanzania, and Zimbabwe, subsequently joined by Tunisia and Hungary in 1996, and Costa Rica, El Salvador, Guatemala, Nicaragua, Viet Nam in 1998. Following the same model, other centres sponsored by bilateral agencies were established in other countries;

(f) At the same time a number of awareness-raising, capacity-building and demonstration activities were launched by UNEP with other organizations in countries such as China, Egypt, Senegal, Poland to demonstrate the economic as well as environmental advantages of the cleaner-production approach;

(g) The 1994 high-level cleaner production seminar in Warsaw, hosted by the Government of Poland, which had as its main outcome the recommendation to accelerate awareness of cleaner production, and to expand the application to cleaner products and services. The seminar also stressed the need to more firmly institutionalize cleaner production in countries and organizations through special programmes;

(h) In its decision 18/23 of 26 May 1995, the Governing Council noted with appreciation the progress made in promoting cleaner and safer production, called upon funding agencies to take the issue into account in their financing programmes, and requested the Executive Director to proceed with drafting guidelines on environmental information needed in relation to technology export;

(i) A 1996 high-level seminar in Oxford, hosted by the Government of the United Kingdom, recommended, inter alia, that a world-wide declaration on cleaner production be developed so as to accelerate the adoption of cleaner production at the highest levels in Governments and companies. It was also decided to give emphasis to stimulate demand for cleaner-production services;

(j) The organization between 1996 and 1998 of a number of regional cleaner-production round tables in Asia, Africa, and Europe demonstrated the effectiveness of the catalytic efforts of the programme;

(k) The subsequent high-level seminar in 1998 in Seoul, hosted by the Government of the Republic of Korea, included the launching of the Cleaner Production Declaration, for signature by national Governments, companies, industry associations, academia and international organizations. The seminar

agreed that it was a matter of high priority for UNEP to widely promote the Declaration, encourage further signatures, and support and monitor its implementation. It was also considered vital to provide ongoing support measures and capacity-building to cleaner-production programmes in the regions. Finally, the seminar endorsed the increasing shift in the work of UNEP to encompass to sustainable consumption patterns, as well as production.

5. The sustainable production and consumption programme is supported in part by the Environment Fund, and in part by counterpart contributions from Governments, the European Commission, and through in-kind contributions of personnel and meeting support by the Governments of Australia, Denmark, Republic of Korea, the Netherlands, Norway, the United Kingdom and the United States of America. A number of industry associations and companies from all parts of the world are also involved in the programme.

II. ACTIVITIES RELATED TO SUSTAINABLE PRODUCTION AND CONSUMPTION

6. The main achievements of the sustainable production and consumption programme include:

(a) A better definition of the cleaner-production concept and its relationship to similar concepts promoted by other organizations ("eco-efficiency", "green productivity", "pollution prevention", etc.). Advice on its operationalization is contained in a number of UNEP publications such as Government Strategies and Policies for Cleaner Production, Eco-efficiency and Cleaner Production, Charting the Course of Sustainability, several issues of the quarterly review Industry and Environment, and other technically more specialized documents concerning assessment methods, management concepts and application to key industry sectors;

(b) Establishing a greater global awareness of the principles and applicability of cleaner production, and the roles of different industrial and governmental bodies to promote them;

(c) A more effective level of information exchange on cleaner technologies via the International Cleaner Production Information Clearing-house (ICPIC), now accessible on the Internet;

(d) Establishment of international networks of cleaner-production experts and organizations involved in cleaner production, including the functioning of working groups in various industry sectors, and maintaining and updating publications on cleaner-production information sources;

(e) A wider use around the world of cleaner-production diagnostic and management tools by national organizations and institutes, and a rapid increase in interest in adopting environmental management systems and corporate reporting;

(f) An increased capacity of individual countries through the establishment of national cleaner production centres, and other bilateral assistance programmes catalysed by the UNEP programme;

(g) The launching of the above-mentioned International Declaration on Cleaner Production, as a way of enlisting further global support, and the definition of more concrete means of implementation;

(h) The publication and promotion of support material to help national institutes to undertake training programmes;

(i) Cleaner-production demonstration programmes in China and other countries to establish the sustainability and cost-effectiveness of the cleaner-production approach;

(j) The initiation of work on consumption issues through life-cycle assessment, eco-design, environmentally sound products, better definition of the sustainable-consumption concept, and linking with others working on consumption issues;

(k) Increased inter-agency cooperation on cleaner production as demonstrated for example by the UNEP/UNIDO national cleaner-production centres, by incorporation of cleaner production centres, by incorporation of cleaner-production principles into the strategies and programmes of the World Health Organization (WHO) and the International Labour Organization (ILO), and in Pollution Prevention and Abatement Handbook of the World Bank.

7. The proposed UNEP work programme on sustainable production and consumption for the biennium 2000-2001 has been developed to address the outstanding challenges and to adapt the programme of activities to the changing environmental context. The shift in focus involves two aspects, in particular:

(a) A stronger move towards implementation of cleaner and safer production through the use of new environmental-management instruments, with emphasis also on financial mechanisms to promote cleaner-production investments;

(b) A greater focus on upstream aspects of product life-cycle, with particular attention given to promoting sustainable consumption patterns.

8. The future programme of activities would therefore include the following elements:

(a) Fostering effective implementation of the cleaner production approach, in particular by:

(i) Using the Declaration on Cleaner Production as leverage in further awareness-raising, and capacity-building to strengthen existing programmes and reach out to new audiences;

(ii) Further development of and capacity-building on the use of environmental management tools, including environmental reporting and benchmarking;

(iii) Further emphasis on environmental technology assessment (EnTA) as a way of improving technology choices in developing countries;

(b) Improving the financing mechanisms for cleaner-production investments through the launch of a major programme in 1998-2000 (funded by the Government of Norway), including pilot and demonstration studies in a number of countries where cleaner-production programmes need to be strengthened;

(c) Further study of economic instruments and voluntary measures to complement traditional regulatory instruments;

(d) Development of activities concerning sustainable consumption, in particular to focus on consumption patterns and supply-chain management in industry and to build a broader world-wide dialogue on consumption pattern issues generally;

(e) Developing a UNEP initiative with the advertising and marketing sectors to define their role in moving to more sustainable consumption patterns.

III. GAPS AND PROPOSED UNEP ACTION

9. The remaining challenges to a full adoption of cleaner production include:

(a) Further raising of general awareness of the advantages and options in cleaner production, especially by small and medium-size enterprises, through greater use of electronic media, conference presentations and training workshops;

(b) A need to improve the involvement of the banking sector in realizing cleaner-production investments and, concurrently, to boost the ability of small enterprises to formulate cleaner-production investment proposals;

(c) Encouraging of the use of systematic assessment methods for technology options in order to make for more informed choices concerning technology transfer, and to identify the environmental implications of various technologies;

(d) Encouraging greater incorporation of sustainable production and consumption as key learning items in the undergraduate training of professionals in all counties, by engaging the formal tertiary education sector in a stronger dialogue on curriculum change in that direction;

(e) Catalysing a stronger move from awareness to action by the various stakeholders and partners in cleaner production through demonstration and pilot projects, and by encouraging benchmarking among cleaner-production programmes and centres;

(f) Further examining the underlying factors and mechanism for the transfer of outdated technologies, and developing further information exchange in this regard so as to foster a greater application of environmentally sound technologies in all countries;

(g) Further definition of the sustainable-consumption concept and the driving forces behind it so that consumption contributes appropriately to economic and social development, including respect for environmental sustainability, and strengthening dialogue with policy makers and other stakeholders at the national and international levels.

9. The UNEP programme of work for the biennium 2000-2001, contained in document UNEP/GC.20/22, addresses the above gaps and outlines proposed activities and initiatives for UNEP to take, in association with other partners in the United Nations system and outside, to assist Governments and industry to adopt the necessary policies and strategies concerning sustainable production and consumption so as to achieve economic and social benefits alongside environmental improvements.

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POLICY ISSUES: COORDINATION AND COOPERATION WITHIN AND OUTSIDE THE UNITED NATIONS, INCLUDING NON-GOVERNMENTAL ORGANIZATIONS

Policy and advisory services of the United Nations Environment Programme in the key area of economics, trade and financial services

Report of the Executive Director

Summary

The present report provides a brief account of activities undertaken by the secretariat of the United Nations Environment Programme (UNEP) in the field of economics, trade and financial services. In particular, activities performed by the secretariat include policy guidance and technical support to enhance capacities of countries, particularly developing countries and countries with economies in transition, in the development and application of integrated environment and economic analysis, policies and instruments for sound environmental management and sustainable development. The provision of these services was requested by the Governing Council of UNEP at its seventeenth, eighteenth and nineteenth sessions. In addition, through the present report, the Executive Director is seeking guidance from the Governing Council on the direction of proposed future activities of the secretariat in the area of economics, trade and financial services.

Suggested action by the Governing Council

The Governing Council may wish to:

1. Request the Executive Director to strengthen the secretariat, in order to enable it to provide further assistance to countries, particularly

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developing countries and countries with economies in transition, in enhancing their capacities to integrate environmental considerations into development planning and decision-making, through the further development and application of environmental impact assessments, environmental valuation, natural resource accounting, and economic instruments at the country level as well as in the implementation of multilateral environmental agreements. Assistance is to be geared to reflect the social and economic and development priorities, as well as the needs and capacities of individual countries;

2. Request the Executive Director to strengthen the secretariat, in order to enable it to continue its work related to trade and environment, including its efforts to enhance understanding of the environmental effects of trade, with a view to strengthening the capacities of countries, particularly developing countries and countries with economies in transition, to design and implement policies to integrate environmental considerations in trade policies, and to continue its work with international environmental conventions administered by the United Nations Environment Programme on the effectiveness of market-based incentives in achieving their objectives and the relationship between trade measures in the conventions and international trade policy, thus ensuring that trade and environmental policies are mutually supportive;

3. Request the Executive Director to continue to collaborate with the private sector, in particular the financial-service sector, with a view to enhancing its contribution to sustainable development activities and programmes through the integration of environmental considerations into the internal and external operations of financial-service institutions.

I. OVERVIEW

1. Although the concept of sustainable development was introduced by the World Commission on Environment and Development in 1987, and the 1992 United Nations Conference on Environment and Development clearly underlined the importance of integrating environmental, social and economic considerations, in most instances environmental policy has continued to be implemented in isolation from mainstream economic policy. This has been due primarily to a lack of understanding of the full environmental and social implications of development, in particular for the economy and the welfare of the population. It can also been attributed to the lack of practical and implementable approaches and methodologies which would facilitate this integration and the lack of the necessary knowledge and capacity in developing countries and countries with economies in transition to develop, adapt and apply such methodologies. In addition, it has resulted from inadequate cooperation, exchange of knowledge and experience between developed and developing countries and between developing countries themselves, and the failure to address their concerns and to surmount obstacles to the integration of environmental considerations in core macroeconomic policy. These concerns are related to growth and development, competitiveness and market access, and the need for financial and technology transfers.

2. UNEP continues to develop assessment and incentive tools and methodologies through the sponsoring of research, resource documents, training materials and expert group meetings, while placing special emphasis on the involvement of institutions and individuals from developing countries and countries with economies in transition as an effective means for ensuring responsiveness to the needs of countries and a practical approach to capacity-building. Those activities include:

(a) Technical and policy advice on the use and application of environmental-assessment tools and in the design and application of market-based instruments, increasing efficiency and cost-effectiveness in their applications in dynamic and macroeconomic settings, and assistance with the preparation of training and educational materials to enhance the capacities of Governments to apply environmental impact assessments, environmental valuation and environmental and natural resource accounting to economic analysis and macroeconomic policies at the national level and to enhance regional and international cooperation in these areas to address global and regional environmental challenges;

(b) Analysis of the different economic and other environmental linkages and complementarities between trade and environment policies, international agreements and trade; building coherence and coordination among UNEP-administered multilateral environmental agreements, particularly with respect to the use of trade-related measures and their effectiveness in achieving environmental objectives, and the use of market-based incentives in the implementation of such agreements; and facilitating consultative processes and capacity-building activities with a view to integrating environmental considerations into macroeconomic and trade policies;

(c) Efforts to enhance awareness and understanding of environmental considerations and their incorporation into the internal and external operations, including the investment and lending policies, of banks and

insurance companies; to assist in the further development and application of tools such as environmental impact assessments, risk assessment, environmental audit and environmental accounting by financial institutions; and to enhance the involvement of the financial services sector in complementing government policies to achieve environmental objectives and in the implementation of multilateral environmental agreements.

3. The use and application of environmental-assessment and incentive tools, if appropriately developed and applied, can provide an effective means of integrating environmental considerations into macroeconomic policies and decision-making and, accordingly, promote the attainment of sustainable development. While assessment tools (environmental impact assessments, environmental valuation and environmental and resource accounting) provide policy makers and practitioners with tools to assess the optimum allocation and use of natural resources, as well as the potential impacts and implications of development plans, market-based incentives can be designed to supplement assessment tools to influence attitudes and production and consumption patterns, with a view to ensuring a more sustainable use of resources. Economic instruments have also been recognized as effective tools in the implementation of multilateral environmental agreements.

4. It has been frequently stated that trade is the engine for growth and that trade liberalization is a necessary prerequisite to promote and sustain this growth. A clearer understanding of the environmental benefits and costs of trade is needed, however, at the country level. There is a need to clarify the compatibility as well as the complementarity between trade policy and environmental policy, to ensure sustainable trade and development. Policies which result in win-win situations in promoting trade, while at the same time preserving the environment, need to be identified, and best practices communicated and options for future work outlined. This work should take full account of the concerns of developing countries, particularly with respect to market-access issues and their need to promote trade to generate external earnings and employment, issues dealing with environmental standards and competitiveness, and the need to ensure consistency between national priorities and international obligations under multilateral environmental agreements. It has been increasingly recognized that, in order to address effectively the challenge of integrating environmental considerations in trade and trade policies, issues such as international cooperation on environmentally sound technologies, financial transfers, the use of market-based incentives and capacity-building, need to be taken into account.

5. It is widely recognized that environmental issues are creating both opportunities and challenges for the business community. In 1996, private capital flows to finance environmental investments and development projects in sectors such as power, water, manufacturing, and industry were estimated to range between $300 billion and $600 billion. Private capital flows in developing countries totalled $234 billion in 1996, an increase of $80 billion over 1995 levels. By comparison, official development assistance in 1996 represented only $55.1 billion, equivalent only to 0.25 per cent of the gross national product of member countries of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD). Environmental products and services markets are booming and companies are racing to tap this sector's enormous potential. On the other

hand, environmental regulation is forcing businesses to take legal and financial responsibility for reducing their impact on the environment. In order to further sustainable development, it is imperative that Governments and the financial services sector work closely to enhance their understanding of the environmental and ecological risks associated with public and private investment and develop policies and incentives which promote the implementation of sustainable public and private investments.

6. UNEP undertakes the formulation and implementation of activities, including the identification of priority activities, through an open and transparent approach which involves major stakeholders, including government departments, non-governmental organizations, industry, the private sector and relevant international organizations.

II. ACTIVITIES IN THE AREAS OF CONCENTRATION RELATED TO ECONOMICS, TRADE AND FINANCIAL SERVICES

7. Activities of the secretariat related to economics, trade and financial services endeavour to support the development and implementation of UNEP programme areas, including freshwater management, the conservation and sustainable use of biological diversity, improved marine and coastal management, industrial cleaner production and eco-efficiency initiatives, as well as multilateral environmental agreements.

A. Environmental impact assessments

8. UNEP has continued to contribute to the further development and use of environmental impact assessments as a cost-effective and practical tool for integrating environment and development considerations in decision-making at policy, programme, and project levels and for enhancing local capacities. An effective tool for the latter is the UNEP Environmental Impact Assessment Training Resource Manual, launched in 1996, whose main objective is to enable trainers to develop tailor-made training courses for the different target groups concerned with environmental impact assessments, and its companion volume, Issues, Trends and Practice, which is designed to enhance the capacity to devise suitable country-specific environmental impact assessment guidelines and address emerging issues in this area. The training resource manual has been extensively used, particularly in developing countries and countries with economies in transition, and has proved an effective tool in assisting countries identify their environmental impact assessment capacity-building requirements and the preparation of training programmes which meet the specific requirements of countries.

9. The design process of UNEP activities is based on the active involvement of institutions and experts in developing countries and countries with economies in transition in identifying training needs and formulating and delivering training programmes. Capacity-building workshops are used to identify national capacity-building and training needs in environmental impact assessment, to develop training programmes and courses in specific priority areas identified by local experts, and to create a roster of specialists. To provide the necessary support and guidance in the formulation and implementation of activities in this area, including the preparation of resource documents, UNEP established an international working

group of experts on environmental impact assessment, selected so as to represent the views and concerns of a wide range of experts with different experiences, perspectives and backgrounds. As a result of this design approach, UNEP resource documents in this area have received almost universal support.

10. The further use and integration of environmental impact assessments into national policy, programme development and project planning will require the development of a framework for a national environmental impact system that emphasises strategic use and its linkages with other assessment and incentive tools. For the biennium 2000-2001, UNEP intends to revise and update the above-mentioned Manual, taking into account the results of national workshops, with a view to incorporating elements of an integrated approach and to linking environmental, economic and social assessment in support of sustainable development. It is also recommended that further capacity-building workshops on environmental impact assessment be held to ensure that the environmental-impact-assessment process is extended to help formulate and implement sustainable development programmes and policies.

B. Environmental and natural-resource accounting

11. UNEP has continued to develop and promote the application of methodologies and approaches that integrate environmental and social elements into national-income-accounting frameworks, with a view to providing policy makers with information on the significance of environmental and natural resources and the implications of development plans and activities on natural-resource depletion and degradation.

12. The production of an operational environmental and natural-resource-accounting manual followed the same approach and process adopted in the preparation of the UNEP environmental-impact-assessment documents, whereby an international working group of experts was established to oversee and provide technical input in the development of the resource document. It is planned that the manual, which was completed by the end of 1998, will undergo further development and refinement as feedback from the practical introduction and application of the proposed methodologies is received.

13. At the current time, the system of national accounts does not take into account or reflect the degradation and depletion of natural resources. A better understanding of the environmental implications of macroeconomic policies needs to be ensured. UNEP's future work will focus on demonstrating the importance of environmental and natural resource accounting and sharing experience in such accounting, through the introduction and application of the manual, and will also focus on human and institutional capacity-building in that area. Accounting for environmental costs and liabilities at the corporate level has been taken up by the major accounting bodies over the past five years to a greater or lesser degree. The effect has been that, particularly for developing countries and countries with economies in transition, there has been a lack of clear guidance to national standard-setters that will allow for the proper accounting and subsequent valuation of the impacts of these enterprises. In order to address this gap, UNEP, working in partnership with the United Nations Conference on Trade and Development (UNCTAD), produced a guidance manual to be used by those

preparing and using such accounts, as well as by national standard-setters and regulators, that harmonizes the national standards at an international level. The manual has been tested in developing countries, where it has found almost universal acceptance, and efforts must now be made to promote its use at a global level.

C. Valuation of environmental and natural resources

14. With a view to promoting the further development and application of valuation methodologies as a basis for the internalization of environmental costs, UNEP is working, inter alia, on the development of valuation methodologies for environmental goods and services and for the quantification of damage incurred through the use of resources, including transboundary externalities and non-market services, such as those measured in recreational values, option values and existence values. Such services are essential for enhancing the integration of environmental considerations in policy and decision-making.

15. Current activities by UNEP in this area are directed primarily towards assisting developing countries and countries with economies in transition in applying valuation methodologies by providing them with educational and training materials on the use of economic valuation for environmental management, taking into account the social, traditional and cultural considerations and the practicality and effectiveness of the use of such tools in those countries. These activities include the review and analysis of experiences in developing countries and countries with economies in transition through case-studies on the use of different valuation methodologies and approaches for the valuation of different natural resources. A compendium of country case-studies on the application of valuation methodologies in developing countries and countries with economies in transition and a book focusing on developing country experience were published in 1998 and 1997 respectively.

16. There are plans to conduct capacity-building training workshops on the application of environmental valuation methodologies, as appropriate, in environmental impact assessments, cost-benefit analyses, risk assessments, and natural resource accounting during the 2000-2001 biennium. Particular emphasis will be placed on modalities for enhancing cooperation and networking between developed countries, developing countries and countries with economies in transition, focusing especially on national regional centres.

D. Economic instruments

17. UNEP has been promoting the development, design, and application of market-based instruments to influence attitudes, and also consumption and production patterns, so as to achieve sound environmental management and sustainable development. A major objective of current country-case studies is to pinpoint the specific conditions for the optimal design and use of economic instruments, with a focus on practical, real-world scenarios for introducing economic instruments, adopting a consultative and transparent approach involving major stakeholders, with a view to providing guidance, particularly on how to forge policy integration at the national level, to design and implement economic instruments on specific sectors of particular

importance in the economies of host countries. Relevant technical assistance and training activities are also provided. These activities include the publication of a compendium of country case-studies on the application of economic instruments in developing countries and countries with economies in transition and a book focusing on developing country experience with economic instruments. UNEP will continue to support empirical research and the elaboration of practical approaches and guidelines on economic instrument use.

18. For the biennium 2000-2001, it is proposed that further country case-studies be conducted, with the aim of expanding the analysis and sharing of experience, particularly in developing countries and countries with economies in transition, with regard to how economic instruments can be applied for sustainable development and what their likely impacts will be. Further capacity-building workshops will be held to enhance understanding of the use of economic instruments, to determine the limitations and constraints of using various instruments, and to identify what kinds of instruments should be used for different needs and settings. In addition, through consultative meetings focused on leveraging the participation and integration of concerns of developing countries and countries with economies in transition, it is planned to provide a continuous international consultative process to help overcome constraints and impediments to the use and application of economic instruments and to address the necessary technical, institutional and financial requirements needed to promote their use. Particular emphasis in UNEP's work will be placed on the use of economic instruments in the implementation of multilateral environmental agreements. Such use includes the contribution by UNEP in providing options for operationalizing market-based mechanisms related to multilateral environmental agreements, including the United Nations Framework Convention on Climate Change and its Kyoto Protocol.

E. Trade and the environment

19. UNEP continues to attach importance to improving the understanding of the environmental impacts of world trade and trade liberalization, and also to various aspects within the trade-environment debate of environmental policy and its interface with economics, commercial and industrial-related practices, international law, and governance issues. Together with UNCTAD, UNEP has launched a technical assistance programme on trade, environment and development, which focuses on enhancing the capacities of countries to assess the environmental impacts of trade and liberalization policies and the development of policy packages for the integration of environmental considerations in trade policies.

20. UNEP has continued to promote the understanding of the interface between trade and environment through studies and research work, and also its publications in the UNEP Trade Series. These include a study of the impact of subsidies on the fisheries sector, a study on the impact of changes in consumption patterns in the North on exporting developing countries in the South, and a synthesis report on the effectiveness of different measures, including trade measures, in implementing certain environment-related conventions.

21. UNEP will continue to provide assistance to countries in the design and implementation of policy packages for integrating environmental considerations in trade policies. It is proposed that UNEP continue providing assistance through national and regional capacity-building workshops on methodologies for the assessment of the impact of trade liberalization on the environment and natural-resource use and on the design of policy packages and approaches to promote the integration of environmental considerations in trade policies. It should also focus on convening sectoral analysis workshops in order to provide more robust quantitative and qualitative data to decision makers on the environmental benefits of removing trade restrictions and distortions in various key sectors, including agriculture, energy, fisheries, transport, textiles, and services. The results of such work would be useful to Governments in assessing the implication of trade liberalization, as well as in building their capacities to predict more accurately the domestic and international response measures needed to mitigate negative environmental impacts and to maximize environmental benefits.

22. It is also recommended that UNEP continue building coherence and coordination among UNEP-administered multilateral environmental agreements on the issue of trade and environment, by preparing analysis on coherence and common environmental principles, including the precautionary principle. It is necessary, in addition, to undertake an assessment of performance indicators with a focus on analysis, methodology and reporting; and to prepare a report on the trade and economic implications of implementing different conventions. Such work would serve to assist Governments in addressing areas of increasing importance to trade policy, including the implications of certain environmental principles on the intersection between trade and commercial policy and the role of science in setting environmental or other non-commercial standards. Trade and economic issues in the context of multilateral environmental agreements provide an opportunity for environmental conventions to begin speaking with one voice on certain issues of mutual interest. UNEP and the World Trade Organization (WTO) are currently examining a framework arrangement between WTO and the multilateral environmental agreements. This framework is intended to promote dialogue between the UNEP-administered conventions and WTO and to enhance understanding by the trade community of basic assumptions about environmental policy.

F. Financial services and the environment

23. UNEP continues to contribute to international efforts to promote and facilitate environmentally responsible investments within the financial services sector. UNEP has been working closely with banks and insurance companies since the early 1990s and has launched two initiatives for both sectors. Over 200 institutions now participate in the initiatives, which aim at promoting environmentally sound practices in the internal and external operations by these institutions. UNEP continues to provide a global outreach, which has brought together as many as 600 leaders in this area.

24. In order to strengthen the environmental performance of the financial community and to build on the capacity of the existing network of over 4,000 banks and insurance companies across the world, it is essential that future policy and advisory services provide opportunities for more extensive broad

consultation through targeted regional financial institutions and insurance industry meetings and round-tables that are linked to existing work related to the implementation of multilateral environmental agreements. Further support is required, through the development of resource documents and environmental procedures and guidelines for the financial services sector. At the same time, dialogue and collaboration between the financial services sector and the public sector must be enhanced, in order to ensure complementarity between government investment policies and financial services sector investment policies in pursuit of sustainable development.

III. GAPS

27. Limited funds have been available from the Environment Fund for the provision of assistance to Governments in the fields of economics, trade and financial services, and most activities undertaken in this area were funded by counterpart contributions. An increase in allocations from the Environment Fund would thus be needed in order to forge a more effective strategy for assisting countries, particularly developing countries and countries with economies in transition, to develop and apply integrated environment and economic analysis, policies, and instruments for sound environmental management and sustainable development.

25. A critical mass of knowledge and human and institutional capacity is needed for the development and implementation of integrated policies aimed at achieving environmentally sound management and sustainable development. The underlying causes for environmental degradation continue to be, first, the failure of Governments to consider the implications of development activities and effectively to regulate and use natural resources in a sustainable way; second, failure to internalize environmental costs into market prices; third, the failure of markets and Governments to reflect the depletion and degradation of natural resources in their national income accounts; and, fourth, the choice of inappropriate technologies. The capacities of countries must be enhanced in order to enable the application of assessment and incentive measures as part of a policy packages for developing and implementing environmentally sound policies and programmes.

26. There is still a gap in the availability and flow of information and knowledge and relevant experience of practical and implementable approaches and policies for adaptation and implementation, particularly in developing countries and countries with economies in transition. Such knowledge and information must be shared, in order to provide a deeper and more rigorous assessment both of economic policies and instruments, and of the domestic and international regulatory responses required to mitigate and maximize the environmental as well as economic benefits associated with the adoption of macroeconomic policies for sustainable development, including trade policies. Governments need to be equipped to use methodologies for valuing natural resources, improving cost-benefit analysis, to apply environmental risk tools to financial institutions, as well as to assess – at the economy-wide, country-specific and sectoral level – the linkages between trade policies, trade liberalization and environmental effects.

27. Another gap that must be addressed in the UNEP's future work is the designing cost-effective market-based instruments in combination with legal and other measures, including voluntary measures, as part of a policy package to influence attitudes, consumption and production patterns towards the environment, and to promote the optimum allocation and use of natural resources, particularly in vulnerable and extensively polluting sectors. Much work remains to be done to demonstrate the efficiency and cost-effective properties of induced voluntary measures to support and complement direct government regulation, to assess the applicability of particular economic instruments in this regard to the specific circumstances of developing countries and countries with economies in transition, and to design and implement market incentives that lead to an enhanced role of the private sector and reduce public expenditure on pollution control. There has been an increased recognition of the role of utilizing market forces through the use of economic instruments and other mechanisms to achieve the objectives of multilateral environmental agreements. Much still remains to be done, however, on the development and design of economic instruments and other market mechanisms within the framework of environmental conventions and on efforts to reach consensus on issues of particular concerns and interest to developing countries, developed countries and countries with economies in transition.

28. At the international level, considerable progress has been made by the environment and development communities since the 1992 United Nations Conference on Environment and Development in acting on environmental priorities in the face of accelerating global environmental degradation. While the foundation of a dialogue has now been built, it is now time to strengthen the implementation of multilateral environmental agreements and, for that purpose, to provide frameworks in other areas where these are needed. In particular, efforts must be made to ensure a continuous dialogue and a platform which provides a level playing-field, so that concerns and challenges relating to the design and application of economic instruments can be properly addressed. As part of this process, there is a need to consolidate analytical work and experience in the assessment and comparison of different economic instruments, and to achieve greater coherence in their use, as part of a package of measures to achieve environmental objectives at the national level as well as that of multilateral environmental agreements.

29. It is important to underline that all major stakeholders must be involved from the outset in addressing the challenges of sustainable development. Both at the national and international levels, policies at their implementation stages are more likely to succeed when a diverse range of stakeholders, with different perspectives, engages in a real dialogue – in other words, when economics and trade officials and environmental and development practitioners work together, and when, through the necessary cooperation, it is possible to tap the talents and energies of non-governmental organizations, industry representatives and public citizens from developing and developed countries alike. Yet, there is still insufficient collaboration with stakeholders, so that public awareness and linkages between government, researchers, the mass media, non-governmental organizations, academics, the private sector and civil society need to be improved. Emphasis must be placed on promoting dialogue between government entities and communities dealing with trade, environment and development in a transparent and open manner.

30. Within the national and international financial services community, in both the public and private sector, the most commonly cited barrier to the better integration of environmental considerations into risk management, for both investment and lending decisions, is the lack of an agreed set of matrices that will translate and integrate environmental and financial factors. UNEP is working with all major groups, and with an inclusive approach to all stakeholders, with a view to producing a set of indicators applicable to the financial-services sector that will find acceptance across these boundaries and harmonize the complementary work currently under way in other sectors.

IV. THE WAY FORWARD

31. Market behaviour has not borne out the pessimistic predictions of overshoot and collapse and resource exhaustion. Markets have responded swiftly and automatically to deal with those resources experiencing higher prices, and demand for these resources has been reduced and substitution encouraged. Nevertheless, the market still cannot choose dynamically efficient and sustainable paths for the future, a fact most evident in its over-exploitation of common property resources such as fish or water resources. Uncontrolled markets can produce too much pollution and have a tendency to underprice commodities that contribute to pollution either when produced or consumed. There is, therefore, a need, particularly acute in controlling pollution, for increased government intervention through assessment tools but also through economic incentives to encourage behavioural change among consumers and producers, while also providing resources for environmental-protection efforts.

32. Along with adjusting uncontrolled markets, there is the need to assist Governments in correcting policy and market failures caused by government intervention. Price controls in the energy and water sectors have reduced the incentives for expanding supply and tilted the time profile of consumption to the present, and, as with the case of natural gas, these controls can even cause biases that interfere with the transition to renewable resources. There are several limiting factors to economic instrument use in developing countries and countries with economies in transition, including the lack of human and institutional capacities, the fact that experience gained by developed countries is not easily transferable to developing countries and countries with economies in transition and that, in many instances, these instruments are not specifically used to achieve environmental objectives. Moreover, in order to be able to apply effectively economic instruments to achieve environmental objects and sustainable development, issues related to competitiveness, market access, cooperation in the field of environmental technology, financial transfers and capacity-building need to be addressed.

33. The past two decades have seen a proliferation of national environmental laws and multilateral environmental agreements, along with a rapid expansion of international trade and investment. For the most part, the two regimes – environmental protection and international trade – have developed independently. The environmental implications of trade liberalization are poorly understood, and efforts by Governments and international bodies to determine how different trade patterns and policies

affect the environment are still in their infancy. Generalizations about whether the net environmental effects from liberalizing trade will be positive or negative are usually too simplistic to be of much use for policy-making. The actual effects depend on the specific context, including the capabilities of different nations to implement effective environmental protection regimes. Decision makers thus require more robust quantitative and qualitative data on the economics of the Uruguay Round and sectoral implications, and methodologies to identify correlations between economic data and environmental indicators at the global, economy-wide, and sectoral levels.

34. The public sector's financial needs for environmental management and sustainable development are varied and far-reaching. Clearly, developing countries and countries with economies in transition do not have the necessary financial resources to address directly such problems as combating poverty and improving health, halting deforestation and controlling desertification, reducing population pressures and protecting fragile ecosystems, to mention but a few areas. Nor do they have sufficient resources to stabilize environmental degradation at current levels. The private sector, too, needs funds to comply with regulations, pay pollution charges, to undertake environmental investments, to retrofit or relocate existing plants and equipment, and to redesign products and invest in technological innovation. Partnerships between the public sector and the private sector must be strengthened to help meet the financial needs of individual countries and the global economy for pursuing sustainable development, but also to help Government and the private sector jointly to formulate frameworks in which environmentally responsible investments and business operations are to be pursued.

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POLICY ISSUES: COORDINATION AND COOPERATION WITHIN AND OUTSIDE THE UNITED NATIONS, INCLUDING NON-GOVERNMENTAL ORGANIZATIONS

Action plan on complementarity between the activities undertaken by the United Nations Environment Programme under the Global Environment Facility and its programme of work

Summary

The present document presents the suggested action plan on complementarity between the activities undertaken by the United Nations Environment Programme within the framework of the Global Environment Facility (GEF) and its work programme in relation to document UNEP/GC.20/8 on the participation of UNEP in the work of the Global Environment Facility (GEF).

Suggested action by the Governing Council

The Governing Council may wish to take note of the suggested action plan on complementarity betweer the activities undertaken by UNEP within the framework of GEF and its work programme in relation to document UNEP/GC.20/8 on the participation of UNEP in the work of the GEF and request the Executive Director to submit it to the GEF Council at its thirteenth meeting, to be held in Washington, D.C. from 5 to 7 May 1999.

* UNEP/GC.20/1.

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Background

1. At its meeting held in October 1998, the GEF Council requested the implementing agencies to continue their efforts to develop a strategic approach to the integration of global environmental issues into their regular programmes and to ensuring "complementarity" between GEF activities and those of their regular programmes. UNEP was requested to prepare "an action plan on complementarity and additionality". At its third meeting, held in Buenos Aires on 10 November 1998, the UNEP High-level Committee of Ministers and Officials considered this issue and requested the Executive Director to prepare a draft document for consideration at the twentieth session of the UNEP Governing Council, in February 1999. To assist the Executive Director in the preparation of the requested draft action plan, a joint meeting of the bureaus of UNEP's governing bodies was held in Geneva on 12 January 1999, at the invitation of the Government of Switzerland. The present report is submitted by the Executive Director in response to those requests. The document also responds to the Policy Recommendations of the GEF Replenishment, to the Study of the GEF's Overall Performance, and to the recommendations of the Governing Council that UNEP's role in the GEF be strengthened.

INTRODUCTION

2. UNEP is committed to realizing fully its mandate in GEF, as contained in the Instrument, and to continue strengthening its partnerships with the GEF secretariat and the other implementing agencies, based on its demonstrated comparative advantage. The objectives of this action plan are to ensure the effectiveness of UNEP as a GEF implementing agency, as well as to strengthen programmatic linkages with the revised UNEP programme of work for 1998-1999 and the proposed programme of work for 2000-2001. It also responds to the United Nations General Assembly resolution 53/187 of 15 December 1998, by which the Assembly welcomed the collaboration between UNEP and GEF on freshwater resources, as the global international water assessment, and activities aimed at combating land degradation as they relate to the focal areas of the Facility.

3. The proposed action plan is submitted for the consideration of the GEF Council taking fully into account the role, mandate and responsibility of the GEF Council as contained in the Instrument in developing, adopting and evaluating the operational policies and programs for GEF-financed activities. It recognizes the responsibilities of the GEF secretariat as defined in the Instrument, as well as the role and mandate of the other GEF partners, including UNDP and the World Bank.

4. The proposed action plan is based on the following principles and assumptions:

(a) The action plan is consistent with paragraph 11 of Annex D of the GEF Instrument, which defines the specific areas of emphasis of each Implementing Agency and, in respect of UNEP, states that:

> "UNEP will play the primary role in catalyzing the development of scientific and technical analysis and in advancing environmental management in GEF-financed activities. UNEP will provide guidance on relating the GEF-financed activities to global, regional and national environmental assessments, policy frameworks and plans, and to international environmental agreements. UNEP will also be responsible for establishing and supporting the Scientific and Technical Advisory Panel (STAP) as an advisory body to the GEF."

It is also consistent with the mission of the GEF to provide to eligible countries and in particular developing countries new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve global environmental benefits in the focal areas of climate change, biological diversity, international waters and ozone layer depletion. All elements of the proposed action plan will comply with GEF policies, operational principles, priorities and criteria adopted by the GEF Council;

(b) The action plan is based on the fact that the global environment is central to UNEP's core mandate and regular programme. This fact was also noted by the Study of the GEF's Overall Performance and the Policy Recommendations of the Second GEF Replenishment. The issue of complementarity must be shaped by this recognition. As stated in the Nairobi Declaration on the Role and Mandate of the United Nations Environment Programme UNEP is charged with being the global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension in sustainable development within the United Nations system and serves as an authoritative advocate of the global environment. Therefore, the global environmental objectives of the UNEP programme of work and of GEF converge and many activities of each designed to achieve these objectives, are consequently similar;

(c) UNEP's mission and GEF role may be summarized as follows: UNEP will seek to serve as a catalyst for new directions in GEF strategies and operations, based on its convening power and existing international scientific partnerships and environmental programmes. In particular, UNEP will aim to be more knowledge-based – expanding knowledge about environmental policies, institutions and technologies that work, and disseminating this information, in order to respond to the needs of GEF recipient countries to meet the incremental costs of achieving global environmental objectives;

(d) The action plan is predicated on the need to address certain policy and institutional issues and constraints – both internally within UNEP and externally.

5. An overview of the new UNEP programme of work is contained in section I of the proposed action plan. Section II outlines a framework for complementarity between the GEF activities undertaken by UNEP and its programme of work. The strategic objectives of UNEP in GEF are contained in section III. Internal and external measures to achieve complementarity are suggested in section IV.

THE UNEP PROGRAMME OF WORK

6. The UNEP programme of work is based on the following priority areas adopted by the Governing Council at its fifth special session, held in Nairobi from 20 to 22 May 1998:

(a) Early warning and assessment functions, so that UNEP has a comprehensive capacity to link monitoring, assessment, and early-warning, including emergency response mechanisms;

(b) Coordination and development of environmental policy instruments, including conventions for addressing the chemicals agenda, such as those relating to the prior informed consent (PIC) procedure and persistent organic pollutants (POPs), and economic instruments;

(c) Freshwater, including information, assessment, monitoring, diagnostic studies, action programmes and legal agreements for freshwater management;

(d) Industry and technology transfer, including promotion of cleaner-production approaches and voluntary initiatives with the private sector;

(e) Support to Africa, particularly with respect to land degradation, desertification and freshwater.

7. The UNEP programme of work has been reorganized into seven subprogrammes to implement these priorities. The proposed programme budget for the biennium 2000-2001 being submitted to the Governing Council at its twentieth session (UNEP/GC.20/22) amounts to $170 million, including counterpart contributions and trust funds other than GEF. The programme of work points to UNEP's comparative advantage and provides the overall framework for defining UNEP's GEF activities. The seven subprogrammes are briefly described below:

(a) Environmental assessment and early warning. The objective of the subprogramme is to keep under review the state of the global environment and help set priorities for international, regional and national environmental action. The subprogramme includes periodic integrated global assessments, such as the Global Environmental Outlook, as well as a series of sectoral/issue-oriented and subregional/regional assessments, on such issues as freshwater, atmosphere, the marine environment, land, and biological diversity. The proposed programme of work maintains UNEP's leading role in environmental data systems, trend analysis, analysis and networking. Particular emphasis is given to global environmental observing systems and early-warning information infrastructure to identify emerging issues, potential threats, hot spots and emergency situations. The subprogramme includes coordinated international scientific research efforts on, for example, environmental indicators and methodologies for assessments. UNEP is also now focusing increasingly on improving public access to environmental information and strengthening public participation in environmental decision-making;

(b) Policy development and law. The subprogramme's focus is on the analysis, review and development of environment-related policies within the context of sustainable development; the development of new and strengthening existing legal, economic, and other policy instruments as well as institutional frameworks (on, for example, invasive alien species, regional seas, and legislation to implement environmental agreements); and the promotion of the involvement of major groups in policy dialogue and consensus-building on environmental policy issues. Closely related to these activities is the provision of advisory services to Governments to strengthen their capacity to analyse, develop and implement global, regional and national policies and legal instruments. An important element of this subprogramme is the UNEP/IUCN Joint Environmental Law Information Service;

(c) Policy implementation. This subprogramme undertakes and supports UNEP's catalytic and selective implementation activities, such as advisory services to Governments, pilot projects, education, training and other capacity-building efforts in the environmental field. To maximize the cost-effectiveness and demonstration value of such activities, they are largely regional or subregional in nature and focused on a particular policy implementation issue. The primary emphasis of the technical cooperation activities is in areas of concentration within the UNEP programme. In addition, there are a small number of pilot projects to demonstrate and evaluate the effectiveness of environmental policies and implementation strategies, particularly in water management and environmental law, such as the UNDP/UNEP joint project on environmental law and institutions in Africa. Other areas include indigenous knowledge and best practices in biodiversity, urban environmental planning and management, and training in environmental management. The subprogramme is also responsible for mobilizing and coordinating international response to environmental emergencies;

(d) Technology, industry and economics. The objective of this subprogramme is to encourage decision makers in government, local authorities, and industry to develop and adopt policies, strategies and practices that: are cleaner and safer; make efficient use of natural resources; ensure adequate management of chemicals; incorporate environmental costs in decision making; and reduce pollution and risks to human and environmental health. The subprogramme promotes the development, use and transfer of policies, technologies, economic instruments, managerial practices, and other tools that assist in environmentally sound decision-making and the building of corresponding capacities. It helps prepare international agreements and guidelines, in particular the convention on persistent organic pollutants (POPs). The activities under the subprogramme, undertaken in cooperation with Governments, the private sector and non-governmental organizations, emphasize the management and development of society's technology base by adopting a long-term environmental perspective;

(e) Regional cooperation and representation. This subprogramme promotes, supports, and works with cooperative regional and subregional environmental frameworks to address regional and global environmental problems. The activities of the UNEP regional offices include policy advice, awareness-raising and resource mobilization, tailored to the needs and priorities of the regions concerned;

(f) Environmental conventions. This subprogramme promotes the development of complementary policies and programmatic approaches among the work programmes of related global and regional environmental conventions (UNEP hosts the secretariat for more than 60). It supports the development of new international conventions and agreements. The subprogramme also coordinates UNEP's programmatic support to the implementation of the work programmes of conventions and related international agreements, including the regional seas programmes. In particular, the subprogramme focuses on issues of common concern to the conventions, such as trade and environment; harmonization of nomenclature and legal principles; interlinkages of scientific assessments; development and application of indicators for measuring progress in implementation; and, streamlining national reporting to conventions. The UNEP programme of work also includes support to the Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Forum on Forests, as well as public information for raising awareness on the status and implementation of global environmental conventions;

(g) Communications and public affairs. The subprogramme consists of activities to raise awareness of environmental issues and inform Governments, civil society, the media, interest groups and communities about emerging environmental problems.

8. In the context of complementarity with GEF, it is important to note the following characteristic features of the UNEP programme of work:

(a) UNEP's emphasis is on establishing environmental priorities and plans, scientific monitoring, building networks, analysing data and information to identify trends and facilitate global consensus, developing legal frameworks at the global, regional and national levels, disseminating policy and technical information, and promoting policies and actions to achieve global and regional environmental objectives;

(b) UNEP has a modest budget for activities designed to catalyse action on the part of Governments and other entities. UNEP's primary resource is its convening authority and its partnerships and networks. In many cases, UNEP's funding serves as catalytic seed money during the process of awareness-raising, consensus-building and developing action plans; subsequently, once these are developed, countries are responsible for accessing other domestic and international resources for implementation;

(c) UNEP's regular programme does not distinguish between global and domestic environmental benefits. It is not based on the concept of incremental costs. The programme of work covers the full range of environmental issues, going beyond the four focal areas of the GEF - biodiversity, climate change, international waters, and ozone depletion;

(d) UNEP has implemented, and will continue to implement, limited activities at the national level in support of wider regional and global analyses and the design of appropriate strategies for sound environmental management. Catalysing the development of scientific and technical analyses cannot be undertaken in isolation from the real world. UNEP's actions at the national level are designed to provide "ground-truthing" of the scientific and technical analyses that are extended to wider regional and global scales. Therefore, UNEP's programme of work includes country-level demonstration

activities, including activities designed to develop or test guidelines, components of regional projects, and activities that provide policy guidance at the national level. In all cases, UNEP works with and through partners in the scientific and environmental communities at national, regional, and international levels, as well as with the private sector.

II. COMPLEMENTARITY BETWEEN THE ACTIVITIES UNDERTAKEN BY UNEP UNDER GEF AND ITS PROGRAMME OF WORK

9. There are three elements to achieving complementarity between UNEP's role in GEF and its regular programme of work: additionality, synergy and integration.

A. Ensuring that GEF activities will be additional to the UNEP programme of work

10. The programme of work proposed for adoption at the twentieth session of the Governing Council does not include GEF funding, and all its outputs are funded primarily from the Environment Fund, the regular budget of the United Nations, trust funds, and counterpart contributions. The action plan proposes that UNEP's GEF activities will be additional to the outputs of the programme of work. However, these activities will be consistent with the mandate and overall programme objectives established by the UNEP Governing Council.

11. The following indicators are proposed for defining additionality in the context of UNEP:

(a) In agreement with GEF, the additional GEF funds could be applied for scaling up and replicating UNEP activities, demonstrating and applying methodologies and tools developed by UNEP, or adding complementary components to UNEP activities to achieve additional global environmental benefits;

(b) UNEP's GEF activities will be additional in the sense that they will respond directly and specifically to the operational programmes of GEF, and fill possible operational gaps in understanding and methodologies identified by the Scientific and Technical Advisory Panel (STAP), the GEF secretariat and the other implementing agencies;

(c) Issues on which the conferences of the parties to the Convention on Biological Diversity and United Nations Framework Convention on Climate Change have provided guidance to GEF as the financial mechanism for incremental-cost financing will be considered additional to the UNEP programme of work under the Environment Fund.

12. The principle of incrementality of GEF funds will also apply to the determination of appropriate counterpart contributions by UNEP's project partners. In this context, UNEP recognizes the need for advice on the range of options, rates of return and environmental benefits for national actions on the global environment, in order to promote country commitment, baseline funding, and financial sustainability for GEF activities.

B. Ensuring synergy between UNEP's GEF activities and its programme of work

13. Synergy in the context of UNEP's GEF activities means that GEF activities should build upon the UNEP programmes, and they should collectively add value to the global environment and to efforts to assist GEF-recipient countries. This in turn means that UNEP will seek to implement GEF activities in areas where the UNEP regular programmes, and/or those of its project partners, are active in the sector and region. In order to do this, the Executive Director will propose priorities and resource allocations in the programme of work necessary to ensure UNEP's comparative advantage in the implementation of GEF activities. A key requirement for achieving this synergy is to ensure inner consistency, as well as the appropriate balance and proportion between UNEP's GEF and regular programmes. It is also important to ensure equal emphasis between additionality and complementarity. The achievement of such synergy could be measured by the extent to which:

(a) UNEP's regular programmes serve as an effective pathway for the dissemination of information on results, best practices, lessons, and experiences gained through GEF operational activities, and vice versa, in order to stimulate replication as called for in the GEF operational programmes. For example, the UNEP OzonAction Clearing-house provides a means to disseminate to Governments and industry the results of technology conversion and private-sector participation in GEF ozone-phase-out projects implemented by UNDP and the World Bank;

(b) Institutions with whom UNEP has long-standing and extensive cooperation are encouraged to contribute to GEF activities. This will apply, in particular, to the UNEP partners in international scientific research efforts, the United Nations system, and subregional and regional cooperative frameworks;

(c) GEF provides the opportunity for achieving synergy between UNEP's regular programmes and activities implemented by the other GEF implementing agencies. For example, the UNEP regional seas programme participates in GEF international-waters projects to ensure that there is a mutually supportive relationship with the institutional frameworks and programme priorities of the regional seas conventions;

C. Integrating GEF objectives and activities with UNEP's overall management and programming

14. Integrating GEF activities within UNEP means that the objectives of the GEF should be an integral part of internal decision-making on UNEP's institutional priorities and programmes. The indicators for assessing the effectiveness of integration are as follows:

(a) Internal management and coordination mechanisms have been established in such a way that decision-making concerning the GEF takes place at the highest levels in UNEP. GEF issues will be regular agenda items in meetings of UNEP's governing bodies and senior management. UNEP's programming and budgeting processes will reflect UNEP's strategic objectives for the additional GEF resources;

(b) UNEP regular staff will need to have enhanced information, tools, management guidance and incentives to undertake additional GEF activities. This includes timely communications with programme managers and staff on GEF policies, strategies and operational procedures, as well as relevant advice from the GEF Unit on their implications for UNEP. Achieving integration will also require widely available and useful training and reference material on key GEF requirements such as the logical framework and incremental costs;

(c) Demonstration of associated financing or co-financing of UNEP/GEF activities from the Environment Fund or other sources, where appropriate. However, as noted by the Study of the GEF's Overall Performance, there is need to recognize that UNEP, unlike the World Bank and UNDP, is not a funding agency, but a catalyst for action on the global environment.

III. UNEP'S STRATEGIC OBJECTIVES IN GEF

15. Based on UNEP's programme of work, its role as defined in the GEF Instrument, and the need to ensure complementarity between the two, UNEP has proposed the following five strategic objectives for its GEF work programme:

(a) Contributing to the ability of GEF and countries to make informed strategic and operational decisions on scientific and technical issues in the GEF focal areas;

(b) Relating national and regional environmental priorities to the global environmental objectives of the GEF;

(c) Promoting regional and multi-country cooperation to achieve global environmental benefits;

(d) Catalysing responses to environmental emergencies in the GEF focal areas through short term measures, in accordance with the Operational Strategy; and

(e) Supporting STAP, as the interface between the GEF and the scientific and technical community at the global, regional and national levels.

16. UNEP's GEF activities to achieve these objectives can be categorized in two distinct, but interrelated, groupings of strategic and project activities:

A. Participating in and contributing to the development of GEF policies and strategies, as well as mobilizing scientific and technical expertise for the GEF

17. In accordance with the Instrument, the formulation of GEF operational policy and the determination of GEF strategies are within the mandate of the GEF Council and secretariat. Pursuant to its mandate in the GEF, UNEP will continue to provide, in cooperation with STAP, the necessary scientific, technical and environmental analysis and advice underpinning the formulation of the Council's policies and strategies.

18. Responding to specific GEF demand and building on its regular activities, UNEP working with STAP, will monitor and assess global and regional environmental information related to the four focal areas, and synthesize issues of relevance to the further development of GEF strategies. These can help shape GEF policies and programmes by clearly diagnosing progress and problems, and illustrating environmental trends. In this context, upon the request of the GEF, UNEP with the advice of STAP, could also prepare selected GEF-relevant analyses of methodological issues and options for environmental assessments, inventories and monitoring activities.

19. UNEP will advise GEF through policy analyses that improve understanding of options and strategies, thereby identifying practical measures and innovative solutions. Subject to clearly identified and agreed demand in the GEF, possible issues could include the following:

(a) There are many linkages between the four GEF focal areas and interventions that address such relationships could enhance the effectiveness of the GEF. UNEP addresses all aspects of the environment in its regular programme and is therefore well placed, with STAP, to contribute to the scientific understanding of the interface between focal areas, its consequences for GEF strategies, and options for GEF programming;

(b) A clearer definition of the linkages between global, regional and national environmental benefits of addressing the four focal areas is necessary to promote country-driven GEF projects, incremental-cost analyses, and project sustainability. UNEP could analyse and assist in clarifying the relationship between the global environmental benefits of actions in the four focal areas and national and regional priorities;

(c) It is likely that several GEF interventions could be most effectively accomplished through regional and subregional cooperation. Through its regional perspective, UNEP could examine, identify and mobilize the potentials inherent in regional and subregional cooperation in achieving GEF objectives;

(d) The transfer of technologies is an important element in GEF capacity-building and investment activities. UNEP has played an important role in promoting the adoption of technically proven and environmentally sound technologies. In this regard, UNEP, working with STAP could analyse research and development on environmentally sound technologies and technology management practices that address the GEF focal areas, and synthesize conclusions about their efficacy and future perspectives;

(e) Sound environmental management requires information for developing the science base and for informing governments and the public. UNEP could provide information for decision-making, including assessment, indicators and access to data.

20. The impact of these strategic outputs will depend to a great extent on UNEP's ability to mobilize scientific and technical expertise, particularly through secretariat support to STAP. In carrying out its strategic role, UNEP will look to STAP to provide high quality scientific and technical advice from a broad base of relevant expertise and serve as a conduit to the international scientific and technical community.

B. Implementing specific types of projects that are linked to UNEP's strategic role

21. UNEP will implement selective GEF projects for which it has demonstrated and recognized expertise. .These will include the following areas:

(a) UNEP, with STAP's advice, will play a leading role as an implementing agency for GEF projects that contribute to the ability of GEF and of countries to make informed strategic and operational decisions on scientific and technical issues in programme and project design, implementation and evaluation, through scientific and technical analyses. These will include assessments, targeted research, methodology development and testing, and structured programme learning projects;

(b) UNEP will implement projects that relate national and regional environmental priorities to the global environmental objectives of GEF, through policy and technical advisory services in areas where UNEP has a distinct comparative advantage. These project activities will include assistance for enabling activities to prepare national strategies, action plans and reports; outreach and awareness; and environmental management and policy instruments to implement global and regional conventions;

(c) UNEP's projects will promote regional and multi-country cooperation to achieve global environmental benefits, particularly in international waters and biodiversity - focusing on diagnostic analyses and cooperative mechanisms, and associated institutional strengthening;

(d) Within the Short-Term Measures in the GEF Operational Strategy, UNEP will implement projects that catalyse responses to environmental emergencies, particularly in the biodiversity focal area;

(e) UNEP will implement projects to promote specific technologies and demonstrate methodologies and policy tools that could be replicated on a larger scale by other partners. Many of the projects in this category might be medium-sized projects that introduce innovative approaches;

(f) UNEP will participate in joint projects with the other implementing agencies on the basis of its comparative advantage:

(i) In the ozone focal area, such a framework for joint projects with UNDP is well established. UNEP implements technical assistance, training and institutional strengthening components;

(ii) The Memorandum of Understanding on collaboration between UNDP and UNEP on land degradation projects, as they relate to the GEF focal areas, similarly outlines areas in which UNEP will take the leadership role in GEF projects. These include strategic scientific and technical analyses, such as assessments, monitoring, methodology development and testing, and programme learning; providing guidance on relating GEF-financed activities to inter-country protocols, environmental agreements and regional conventions; development of policy, legal and institutional responses which more fully integrate land degradation with

biodiversity, climate change and international waters activities; and development and management of global, regional and/or transboundary activities which increase technical and scientific knowledge and information exchange;

(iii) In the focal area of international waters, UNEP often manages components in joint projects with the other implementing agencies related to transboundary diagnostic analysis and regional cooperation mechanisms.

22. UNEP's GEF activities recognize the role of UNDP and the World Bank in responding to country needs in capacity building and investments respectively. UNEP's GEF projects will focus on establishing the enabling policy, scientific and technical environment for larger and longer-term assistance from the other agencies. This means that UNEP's projects will generally seek to create and transmit knowledge. In particular, this will involve modest efforts at disseminating ideas, transmitting experiences of other countries, training current and future policy makers and leaders, and fostering informed public debate on global environmental policy issues in civil society. These services could be delivered through joint projects with UNDP and the World Bank, including the GEF country workshops, as well as with other project partners.

IV. MEASURES TO ACHIEVE COMPLEMENTARITY

23. The specific measures to achieve complementarity will require a combination of initiatives with partners as well as internal actions.

A. Initiatives with partners

24. To achieve complementarity between its GEF activities and its core programme, UNEP will strengthen its collaboration with the GEF secretariat, the other implementing agencies, STAP and other traditional partners.

1. Strategic partnerships with the GEF secretariat

25. In his statement to the GEF Council at its twelfth meeting, and based on the initiative of the GEF Chief Executive Officer/Chairman, the Executive Director outlined a proposal for the establishment of strategic partnerships between UNEP and the GEF secretariat. The strategic partnerships could follow up on GEF Assembly mandates and assist GEF in using existing institutional expertise and experience in UNEP. The partnerships could match the supply of UNEP expertise with GEF operational demand. The GEF secretariat and UNEP have begun discussions about the potential scope and modalities for the strategic partnerships. The results of these discussions will be subject to GEF Council approval and periodic review of the specific arrangements.

26. The following three areas of UNEP-GEF secretariat collaboration were suggested by the Executive Director:

(a) Assessment programme (possibly covering scientific and technical analyses and assessments; support to STAP; and mobilization of the scientific and technical communities);

(b) Global environment knowledge management programme (potentially integrating various clearinghouse activities to disseminate policy, scientific and technical information from GEF operations to foster replication); and

(c) Global environmental outreach programme (to assist in the implementation of elements of the GEF Outreach Strategy).

27. The Chief Executive Officer/Chairman of GEF has identified the international waters focal area as another promising area, where UNEP could prepare and implement projects that provide for transboundary components, on the basis of UNEP's programmed support to the regional seas programmes and in fulfillment of the GEF operational programmes.

28. The strategic programmes could consist of project and non-project strategic outputs that would help "underwrite" GEF projects included under enabling activities and operational programmes. The efforts could have a number of broadly similar components:

(a) A review of past and ongoing projects on a specific issue to identify best practice;

(b) Assessing the scale and type of problems, as well as portfolio, knowledge and methodological gaps;

(c) Undertaking applied targeted research to develop and test new methods, particularly on emerging issues; and

(d) Supporting and promoting these efforts with a training and applications development programme as well as information dissemination programme.

2. Strategic linkages with STAP

29. One of the best opportunities for advancing complementarity lies in UNEP's role as the secretariat for STAP. Members of the Panel are also part of UNEP's networks and partnerships with the scientific community. Many of them participate in assessments and other UNEP initiatives. Several UNEP GEF projects, including the Global International Waters Assessment, draw upon the advice and recommendations of STAP. UNEP is committed to strengthening these links, particularly with the scientific work of the UNEP subprogrammes by:

(a) Generating the necessary information and analysis that STAP might need to carry out its advisory and review role in GEF;

(b) Developing UNEP's institutional structure to implement STAP's recommendations for mobilizing the scientific and technical community;

(c) Following up actively in priority areas for targeted research identified by STAP and drawing on STAP's advice on mobilizing scientific and technical expertise for such initiatives; and

(d) Seeking STAP's advice in the preparation of UNEP's outputs at the strategic level, including peer review, identification of experts, and convening of working groups for specialized technical opinions.

3. Collaboration among GEF implementing agencies

30. GEF provides a unique opportunity to develop new modes of collaboration among the three Implementing Agencies. UNEP will continue to promote joint collaboration and partnership with UNDP and the World Bank in order to achieve GEF objectives. UNEP has taken an active part in more than 15 joint GEF projects with UNDP and/or the World Bank. The total value of these projects is more than $76 million.

31. UNEP will explore other opportunities for formal and informal arrangements for inter-agency coordination and cooperation with the following objectives more specifically:

(a) UNEP will, upon request, provide technical expertise to the other agencies' country activities, for example in the focal area of international waters;

(b) Drawing on its partnerships in the scientific community, UNEP, with STAP's advice, will seek to promote the participation of national and regional scientific and technical experts in UNDP and World Bank projects. This responds to a specific recommendation of the overall performance study;

(c) Joint projects with the other agencies provide the mechanism for UNEP to provide its policy and technical advisory services as part of a comprehensive country assistance package, which could include scientific, technical and policy information, capacity-building, and investments.

32. Past experience has demonstrated that effective inter-agency collaboration, which draws on the respective strengths of each implementing agency, has two essential elements. First, joint projects need to be designed with distinct components to be implemented by each implementing agency. Secondly, there need to be institutional frameworks for joint reviews of pipelines aimed at ensuring upstream consultations among the implementing agencies.

33. UNEP will also play a constructive and clearly delineated role in the GEF inter-agency review process for project proposals. UNEP's reviews of UNDP and World Bank projects will be concise and focus on four areas in which UNEP could provide added value:

(a) Global environmental benefits and risks;

(b) Links to UNEP's global and regional programmes and other related activities;

(c) Identifying areas in which UNEP's regular programmes and partners could contribute to project development and implementation; and

(d) Linkages between the GEF focal areas.

4. Programme partnerships

34. UNEP proposes to establish programme partnerships with selected organizations as innovative and cost-effective modalities to delegate certain pipeline-development and project-implementation tasks to these organizations. The partnerships will respond to the GEF Council's request to expand opportunities for executing agencies. The programme partnerships will be developed with the following objectives:

(a) Although UNEP has expertise in many substantive areas relevant to the GEF, it recognizes the need to supplement its capacity to develop and manage "operational" projects by working through other organizations, including Governments and institutions in member countries. Programme partnerships provide a modality for UNEP to assist countries collaboratively with other organizations that have such expertise. UNEP's added value will lie in providing overall coordination, particularly in integrating various scientific, technical and sectoral aspects of projects, and in linking GEF-financed activities to its regular global and regional programmes;

(b) UNEP recognizes that solutions to global environmental problems, to a large extent, are identified by non-governmental organizations, civil society, social groups, business and industry, and other mobilizers of values, policies and expertise. Programme partnerships provide the means to expand opportunities for these entities in GEF, particularly through medium-sized projects. UNEP will explore the possibility of "outsourcing" preliminary project screening functions to contracted non-governmental organizations or consortia of non-governmental organizations. These programme partners would function as intermediaries operating under UNEP's overall guidance;

(c) The need to change behaviour in the private sector is essential in achieving GEF objectives. The establishment of a programme partnership with private-sector entities could influence investment decision-making towards technology and infrastructure investments that yield global environmental benefits.

35. UNEP views this "outsourcing" as an efficient and effective way of integrating other United Nations agencies, scientific organizations, non-governmental organizations, the private sector and other organizations in the work of GEF. Criteria for programme partners will be: project management and technical expertise, field presence, capacity to manage a portfolio of projects, proven track record on the issues, and ability to leverage non-GEF resources. GEF resources for project development, supervision and support costs would be shared between UNEP and the programme partner. UNEP will maintain overall accountability to the GEF for its work programme implemented through such partnerships.

B. Internal measures

36. The implementation of the proposed action plan will also require a number of internal measures to be taken by UNEP at the following levels: management and coordination; incentives; and information and training.

1. Management and coordination

37. UNEP has introduced specific management modalities for in-house coordination and strengthening linkages between UNEP and GEF programmes. These include GEF-related committees and task forces that cut across all divisions, both at the management and staff levels. UNEP is also strengthening linkages between UNEP and GEF programmes through staff training and outreach. Specific responsibilities have been assigned to UNEP's regular programme staff in the management of GEF activities. An important element of this integration is the physical location of GEF project task managers in UNEP's programme units. Detailed Information on these actions were provided in documents GEF/C.12/5 and Add.1 (Complementarity of UNEP's core activities and its GEF interventions: information note on the measures initiated by UNEP to mainstream GEF operations in its regular activities) prepared by UNEP for the GEF Council in October 1998. 1/

38. To further integrate GEF activities with the regular programmes, the new UNEP organizational structure places the GEF Coordination Office under the authority of the Deputy Executive Director, who is also responsible for overall programme coordination and management in UNEP. Significant policy matters relating to GEF will continue to be referred to UNEP's Management Board. In addition, the following steps are being taken by UNEP's Management:

(a) In order to strengthen the commitment and involvement of UNEP's managers in the GEF programme, the GEF Programme Committee will provide strategic and programmatic guidance to the development, implementation and review of UNEP's GEF activities. It is chaired by the Deputy Executive Director and consists of the GEF Executive Coordinator and heads of UNEP divisions. In particular, the GEF Programme Committee is responsible for oversight of the implementation of the present action plan. The Programme Committee also has the mandate to ensure the full engagement of UNEP in the work of STAP;

(b) At the operational level, UNEP/GEF focal area task forces help ensure that UNEP's GEF programme reflects a cross-cutting and global perspective. They are chaired by the GEF Executive Coordinator, supported by the GEF Senior Programme Officers for biodiversity, climate change and international waters respectively, and consist of relevant UNEP programme staff from the divisions as well as UNEP GEF project task managers. The task forces are charged with pipeline and portfolio oversight and coordination functions, as well as routine information exchange with and between UNEP's programmes in each GEF focal area;

1/ Also available as document UNEP/HLC/2/INF/3, annex, and UNEP/HLC/3/INF/4, annex, respectively.

(c) A UNEP/GEF Budget and Fund Management Group will be formed. It will be chaired by the GEF Executive Coordinator, with the Administrative/Fund Management Officer as Secretary, and consist of relevant administrative staff from the United Nations Office at Nairobi and UNEP fund management officers. The group will oversee the introduction of the GEF fee-based system and its application in UNEP's programmes, as well as other resource-allocation and financial-management issues;

(d) At least one GEF focal point will be designated in each division as well as in relevant regional offices of UNEP. Where justified by agreed GEF work plans, these will be GEF-funded staff positions delivering GEF-specific outputs.

2. Incentives

39. A key element of integration is the establishment of incentives in UNEP for staff to work on GEF activities. This requires both management (staff work plans and performance appraisals) and budgetary measures. These incentive systems must be established in response to the recommendation of the Study of the GEF's Overall Performance and will include full payment/reimbursement to UNEP for the implementation of GEF activities. This will also be in harmony with the decisions of the Governing Council on the relationship between the Environment Fund and various trust funds managed by UNEP.

40. The Study of the GEF's Overall Performance recommended that UNEP devise a system of staff incentives to give adequate consideration to GEF work. The Executive Director has therefore decided that UNEP staff involved in GEF activities will have agreed goals and targets included in their Performance Appraisal System process. They will also be granted contracts coterminous with the duration of projects under their supervision. In addition, UNEP's subprogrammes will be compensated from the GEF budget for the time and travel of their staff on internal and inter-agency GEF task forces, as well as other management and coordination structures outlined above.

41. Staff week allocations for GEF activities and associated deliverables will be established annually by the GEF Programme Committee as part of UNEP's GEF budget preparation. Internal resource transfers will be adjusted at the end of the fiscal year based on actual time and outputs.

3. Information and training

42. In order for UNEP to develop a GEF programme that is complementary to its programme of work, and for its staff to have the capacity to function at the strategic and project levels, there will also be a need to invest in additional information and training measures. Actions taken to date in these two areas are described in the above-mentioned document GEF/C.12/5/Add.1.

43. The application of incremental-cost analysis and logical-framework methodologies for designing projects that clearly define baseline and alternative scenarios, and that fit within the GEF operational programmes, is a requirement that is unique to GEF. Moreover, UNEP recognizes the need to improve project-management capacity, particularly monitoring and evaluation skills, in order to effectively implement the additional activities funded by

the GEF. Therefore, UNEP will place special emphasis on staff training and development on the logical-framework approach, especially in the formulation of project performance and impact indicators as they relate to GEF objectives. Another target area for improving staff capacity lies in stakeholder participation with the objective of promoting the involvement of major groups, particularly non-governmental organizations, in all aspects of programme development and throughout the project cycle. Internal information and training will draw substantially on the tools and materials being developed by the implementing agencies in the GEF country workshops programme.

V. TIMEFRAME FOR IMPLEMENTATION

44. The implementation of this action plan will be phased in order for it to be carefully synchronized with the development of UNEP staff resources and technical capacity, growth scenarios in the GEF corporate business plan, and elaboration of needs and institutional modalities with GEF. Taking these factors into account, the implementation of the action plan may be divided into three, somewhat overlapping, stages:

(a) Phase I (through 1999): During this period, implementation measures for the action plan will be finalized. This process includes reaching agreement with GEF on the framework for the strategic partnerships. Work will also commence on the design of the GEF fee-based budget system, including its application in UNEP. Initial proposals for programme partnerships will be discussed with irterested organizations. Deployment and designation of UNEP staff resources for GEF activities will be carried out. Additional modalities for inter-agency collaboration will be explored. Staff training and development measures will be a high priority;

(b) Phase II (late 1999): UNEP will begin initial implementation of the measures identified in the action plan, in consultation with its GEF partners, including the GEF secretariat, the other implementing agencies and STAP;

(c) Phase III (early 2000): With the initiation of the UNEP programme of work for the biennium 2000-2001, and finalization of implementation details with the GEF, the action plan should be fully operational.

CONCLUSION

45. The proposed action plan is a working document, which will be reviewed periodically by UNEP's management and revised as experience is gained. The implementation of the action plan is closely linked to the Executive Director's reform efforts, particularly with respect to strengthening UNEP's core capacities, focusing and prioritizing UNEP's activities, and mobilizing adequate resources for the programme of work.

46. It is expected that the implementation of the action plan will lead to a qualitative and quantitative enhancement of UNEP's GEF work programme over the period 2000-2001. Accordingly, the UNEP/GEF administrative budget should be commensurate with UNEP's new enhanced level of activities as an implementing agency of GEF.

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POLICY ISSUES: EMERGING POLICY ISSUES

Promotion of access to information, public participation in decision-making and access to justice in environmental matters

Report of the Executive Director

Summary

The present report highlights the need for international action for the promotion of access to information, public participation in decision-making and access to justice in environmental matters as one of the critical elements for the United Nations Environment Programme (UNEP) to discharge its mandate, as contained in the Nairobi Declaration on the Role and Mandate of UNEP, and to address its priority areas, as set out in Governing Council decision SS.V/2.

Suggested action by the Governing Council

The Governing Council may wish to consider adopting a decision along the following lines:

The Governing Council,

Recalling principle 10 of the Rio Declaration on Environment and Development, 1/

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* UNEP/GC.20/1.

1/ The text of principle 10 of the Rio Declaration is reproduced in paragraph 1 of the main body of the present report.

For reasons of economy, this document is printed in a limited number. Delegates are kindly requested to bring their copies to meetings and not to request additional copies.

Recalling also programme area G of the Programme for the Development and Periodic Review of Environmental Law for the 1990,

Bearing in mind that the Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters, developed under the auspices of the Economic Commission for Europe, which was opened for signature in Aarhus, Denmark, on 25 June 1998, is open for accession by any Member State of the United Nations,

Conscious that the entry into force of the Aarhus Convention, which is targeted for the year 2000, will contribute to the strengthening of internationally accepted legal principles of access to information, public participation in decision-making and access to justice on environmental matters,

1. Requests the Executive Director to initiate, in consultation with Governments and in close collaboration with the Economic Commission for Europe and other relevant organizations, a process to examine possible ways and means to improve access to environmental information, public participation in decision-making and access to justice in environmental matters and the need for and feasibility of appropriate legal instruments at the regional and global levels;

2. Calls upon Governments that are in a position to do so to provide financial and technical resources for the above-mentioned process;

3. Requests the Executive Director to report the outcome of the above-mentioned process to the Governing Council at its twenty-first session.

I. INTRODUCTION

1. As stated in principle 10 of the Rio Declaration on Environment and Development, adopted by the United Nations Conference on Environment and Development in June 1992:

> "Environmental issues are best handled with the participation of all concerned citizens, at the relevant level. At the national level, each individual shall have appropriate access to information concerning the environment that is held by public authorities, including information on hazardous materials and activities in their communities, and the opportunity to participate in decision-making processes. States shall facilitate and encourage public awareness and participation by making information widely available. Effective access to judicial and administrative proceedings, including redress and remedy, shall be provided."

2. Coherent and cost-effective institution-building for the sound management of the environment and sustainable development requires coordination at various levels and the involvement of all stakeholders. At the national level, it will be necessary to broaden the range of actors who share the environmental-protection and management tasks. For that to be done, the participation of various actors in environmental decision-making must be enhanced, which, in turn, requires improved access to environmental information. Such national efforts may be reinforced by relevant international action, such as enabling access by developing countries to information relevant for environmental decision-making or providing training to develop expertise in analysing the available environmental information.

3. There is a need, at the national level, for Governments and law-making bodies to establish or enhance judicial and administrative procedures for legal redress and remedy for actions affecting the environment that may be unlawful or infringe on rights under the law, and to provide access to individuals, groups or organizations with a recognized legal interest. Access to effective judicial and administrative channels should be provided for affected individuals and groups to ensure that all authorities remain accountable for their actions in accordance with their obligations, taking into account the judicial and administrative systems of the country concerned.

4. In general, concerted efforts by Governments to promote access to information, public participation in decision-making and access to justice in environmental matters seems to be a cost-effective means of contributing to the achievement of global environmental goals through the involvement of all stakeholders.

II. INTERNATIONAL ACTION TO PROMOTE ACCESS TO INFORMATION, PUBLIC PARTICIPATION IN DECISION-MAKING AND ACCESS TO JUSTICE IN ENVIRONMENTAL MATTERS

A. Action by UNEP

5. In recognition of the above, the UNEP Programme for the Development and Periodic Review of Environmental Law for the 1990s (Montevideo Programme II), adopted by the Governing Council in its decision 17/25 of 21 May 1993, sets out, in its programme area G (Environmental awareness, education, information and public participation), the objective of promoting public awareness of international environmental issues and regimes through education, provision of information and greater public participation in the consideration of international environmental regimes and the development of national laws, rules and standards. The strategy for achieving that objective is that of adopting and actively pursuing public-awareness programmes relating to environmental issues and the development and implementation of international and national regimes concerning the environment and associated institutional mechanisms, in cooperation, wherever appropriate, with other bodies, including governmental and non-governmental organizations and educational institutions. The activities envisaged under the programme area include, inter alia: the promotion of institutional mechanisms for the availability of educational and informative material on environmental issues; and the facilitation of public participation, including increased access to information, at appropriate stages in environmental decision-making, especially with regard to legislative, administrative and enforcement processes at the national and international levels and bearing in mind principle 10 of the Rio Declaration.

6. UNEP has continued to collect, organize and disseminate environmental information and undertake environmental assessments through its programmatic activities and networks. UNEP's services are aimed at providing environmental information and assessment and constitute an effective link between the scientific community and policy makers, thus providing a scientific basis for institution-building. In the field of environmental law, UNEP, in collaboration with Governments and relevant organizations, has intensified its efforts to fully implement programme area G of the Montevideo Programme II. While UNEP endeavours to promote access to environmental information, public participation in decision-making and access to justice in environmental matters through awareness-raising, training and other capacity-building activities, the need for Governments to strengthen in their countries appropriate procedures and mechanisms in this field has been noted.

7. While UNEP has continued to promote and assist in the development and effective implementation of national and international environmental law, with the support of its environmental-information services, a gap has been noted in the legal means for involving and empowering all sectors of the civil society and segments of Governments to carry out their respective responsibilities in the protection of the environment and the achievement of sustainable development.

8. In the field of chemicals, UNEP, along with the United Nations Institute for Training and Research (UNITAR), actively collaborates with the Organisation for Economic Co-operation and Development in promoting Pollutant

Release and Transfer Registers (PRTRs). UNEP is currently actively assisting several countries with economies in transition to establish PRTRs. In addition, UNEP is the manager of the international PRTR clearing-house. PRTRs potentially address any chemical threat across all environmental media.

B. Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention)

9. The Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention), developed under the auspices of the United Nations Economic Commission for Europe (ECE), was adopted in Aarhus, Denmark, on 25 June 1998. The Convention covers three main issues, often referred to as its three pillars:

(a) Access to environmental information;

(b) Public participation in environmental decision-making processes;

(c) Access to independent review procedures enabling the public to enforce environmental laws and to protect its relevant rights.

10. Those three pillars of the Convention form a coherent whole. While leaving to the Parties a considerable amount of discretion to implement provisions of the Convention in a way that best fits their national needs, in each of the pillars of the Convention applies a rights-based approach. The Convention guarantees the rights to the public regardless of nationality, citizenship or domicile. Non-governmental organizations are granted similar rights as well.

11. The Convention leaves to the Meeting of the Parties to establish, on a consensus basis, optional arrangements of a non-confrontational, non-judicial and consultative nature for reviewing compliance with the provisions of the Convention.

12. In line with Agenda 21, in which Governments emphasized the importance of the involvement of major groups, the Aarhus Convention provides civil society with the tools and procedures necessary for its active participation in the formulation and implementation of environmental policies. This participatory approach has been recognized as significantly improving national, regional and global efforts towards sustainable development.

C. Environmental conventions and national legislation

13. Many global and regional environmental conventions contain provisions that identify the importance of providing access to environmental information, both at the national and international levels, as a means for achieving their objectives. Examples of such provisions may be found in article 6 of the United Nations Framework Convention on Climate Change (i.e., the Parties are to promote and facilitate public access to information on climate change and its effects, and public participation in addressing climate change and its effects and developing adequate responses), article 9 of the Montreal Protocol on Substances that Deplete the Ozone Layer (i.e.,

the Parties are to cooperate in promoting public awareness of the environmental effects of the emission of controlled substances and other substances that deplete the ozone layer), and article 13 of the Convention on Biological Diversity (i.e., the Parties are to cooperate in developing educational and public-awareness programmes with respect to the conservation and sustainable use of biological diversity). In the field of chemicals, the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade is designed to facilitate international information exchange about the characteristics of hazardous chemicals by providing for a national decision-making process on their import and export and by disseminating these decisions to Parties, with a view to the protection of human health and the environment.

14. At the national level, there has been progress in a number of countries in all regions in developing legislation related to the promotion of public access to environmental information.

D. Gaps

15. There has been a growing recognition of the importance of providing and guaranteeing access to environmental information as an essential precondition for the full and effective preparation and implementation of environmental policies and for achieving global environmental goals. As noted above, there is already a European convention – the Aarhus Convention – but, despite the fact that any State Member of the United Nations may accede to the Convention upon approval by the Meeting of the Parties (article 19, paragraph 3), the Aarhus Convention is the result of negotiations within only one region. Therefore, there is no a truly global mechanism that provides an overall institutional setting and response to the need to involve and empower all sectors of civil society and relevant segments of Governments to discharge their respective rights and responsibilities in the protection of the environment and achievement of sustainable development.

16. Furthermore, while the enhancement of public participation in environmental decision-making and access to justice in environmental matters would significantly contribute to the achievement of environmental goals at all levels, many countries lack the legal and institutional modalities for doing do.

III. A WAY FORWARD

17. Whether UNEP can be fully effective and have maximum impact as the principal United Nations body in the field of the environment and in discharging functions as mandated in the Nairobi Declaration on the Role and Mandate of UNEP depends to a considerable extent upon the progressive involvement of all sectors of the civil society and relevant segments of Governments in informed environmental decision-making at the national and international levels. Given the transboundary nature of global environmental problems, there would be a need for a globally coordinated mechanism and legal enabling framework for promoting and helping to ensure better access to environmental information, with the support of international organizations and their related assessment and monitoring networks. Such coherent international action might be supported by relevant legislative, administrative and enforcement processes.

18. Given the above, it is proposed that UNEP initiates, in consultation with Governments and in close collaboration with the Economic Commission for European and other relevant organizations, a process to examine possible ways and means to improve access to environmental information, public participation in decision-making and access to justice in environmental matters and the need for and feasibility of appropriate legally binding instruments at the regional and global levels.